

Union Calendar No. 363

106TH CONGRESS
2^D SESSION

H. R. 984

[Report No. 106–519, Part I]

To provide additional trade benefits to certain beneficiary countries in the Caribbean, to provide assistance to the countries in Central America and the Caribbean affected by Hurricane Mitch and Hurricane Georges, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 1999

Mr. CRANE (for himself, Mr. KOLBE, Mr. RANGEL, and Mr. MATSUI) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on International Relations, Banking and Financial Services, the Judiciary, and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MARCH 13, 2000

Reported from the Committee on Ways and Means with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

MARCH 13, 2000

Referral to the Committees on International Relations, Banking and Financial Services, the Judiciary, and Armed Services extended for a period ending not later than May 26, 2000

MAY 26, 2000

Referral to the Committees on International Relations, Banking and Financial Services, the Judiciary, and Armed Services extended for a period ending not later than June 7, 2000

JUNE 7, 2000

Additional sponsors: Mr. JEFFERSON, Mr. HOUGHTON, Mr. DREIER, Mr. HINOJOSA, Mr. ENGLISH, Mrs. MEEK of Florida, Mr. RUSH, Mrs. CHRISTENSEN, Mr. McDERMOTT, Mr. FOLEY, Mr. DOOLEY of California,

Mr. MORAN of Virginia, Mr. RAMSTAD, Mr. PAYNE, Mr. MILLER of Florida, Mr. TOWNS, Mr. OWENS, Mr. ARMEY, Ms. DUNN, Mr. SHAW, Mr. MCINNIS, Mr. DAVIS of Virginia, Mr. MEEKS of New York, Mr. BLUMENAUER, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. HASTINGS of Florida, Ms. KILPATRICK, Mr. BLILEY, Mr. PORTMAN, Ms. PRYCE of Ohio, Mr. MCINTOSH, Mr. BENTSEN, Ms. ESHOO, Mr. LATOURETTE, Mr. LEWIS of California, Mr. CANNON, Mr. BRADY of Texas, Mr. EHLERS, Mr. NUSSLE, Mr. FRELINGHUYSEN, Mr. DAVIS of Florida, Ms. JACKSON-LEE of Texas, Mr. RADANOVICH, Mr. FATTAH, Mr. FARR of California, Mrs. ROUKEMA, Mr. SHIMKUS, Mr. WEINER, Mr. CAMP, Mr. BARRETT of Nebraska, Mr. CUMMINGS, Mr. ROYCE, Mr. FORD, Mr. OXLEY, Mrs. MORELLA, Mr. MASCARA, Ms. BERKLEY, Mr. WYNN, Mr. TALENT, Mr. HILLIARD, Mr. VITTER, Mr. BEREUTER, Mr. DAVIS of Illinois, Mr. GOSS, and Mr. SHAYS

Deleted sponsor: Mr. BOEHNER (added April 27, 1999; deleted May 6, 1999)

JUNE 7, 2000

Committees on International Relations, Banking and Financial Services, the Judiciary, and Armed Services discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on March 4, 1999]

A BILL

To provide additional trade benefits to certain beneficiary countries in the Caribbean, to provide assistance to the countries in Central America and the Caribbean affected by Hurricane Mitch and Hurricane Georges, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*
 3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.—This Act may be cited as the*
 5 *“Caribbean and Central America Relief and Economic Sta-*
 6 *bilization Act”.*

1 *(b) TABLE OF CONTENTS.—The table of contents for*
 2 *this Act is as follows:*

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

Sec. 3. Definitions.

TITLE I—UNITED STATES-CARIBBEAN TRADE PARTNERSHIP

Subtitle A—Trade Provisions

Sec. 101. Short title.

Sec. 102. Policy.

Sec. 103. Definitions.

Sec. 104. Temporary provisions to provide NAFTA parity to partnership countries.

Sec. 105. Effect of NAFTA on sugar imports from beneficiary countries.

Sec. 106. Duty-free treatment for certain beverages made with Caribbean rum.

Sec. 107. Meetings of trade ministers and USTR.

Sec. 108. Report on economic development and market oriented reforms in the Caribbean.

Subtitle B—Revenue Offset

Sec. 111. Limitations on welfare benefit funds of 10 or more employer plans.

Subtitle C—Suspension of Limitation on Cover Over of Tax on Distilled Spirits

Sec. 121. Suspension of limitation on cover over of tax on distilled spirits.

TITLE II—FOREIGN ASSISTANCE FOR CENTRAL AMERICA AND THE CARIBBEAN

Subtitle A—Microcredit and Agricultural Assistance

Sec. 201. Declaration of policy.

Sec. 202. Microenterprise assistance.

Sec. 203. Support for producer-owned cooperative marketing associations.

Sec. 204. Agricultural research and extension activities.

Sec. 205. Nonemergency food assistance programs.

Subtitle B—Overseas Private Investment Corporation

Sec. 211. Private sector development activities of OPIC.

Subtitle C—Economic Support Fund Assistance

Sec. 221. Economic support fund assistance.

Sec. 222. Reimbursement of international disaster account.

Sec. 223. Rule of construction; availability of amounts.

TITLE III—DEPARTMENT OF DEFENSE

Sec. 301. Replacement of funds used for disaster relief and reconstruction.

TITLE IV—IMMIGRATION AND NATURALIZATION SERVICE

Sec. 401. Detention facilities.

*TITLE V—DEBT RESCHEDULING AND REDUCTION FOR HONDURAS
AND NICARAGUA; FUNDING FOR THE CENTRAL AMERICAN EMER-
GENCY TRUST FUND OF THE INTERNATIONAL BANK FOR RECON-
STRUCTION AND DEVELOPMENT*

Subtitle A—Debt Rescheduling and Reduction for Honduras and Nicaragua

Sec. 501. Rescheduling of interest payments owed by Honduras and Nicaragua.

Sec. 502. Reduction of debt owed by Honduras.

*Subtitle B—Authorization of Funding for the Central American Emergency
Trust Fund of the International Bank for Reconstruction and Development*

Sec. 511. Authorization of funding.

1 SEC. 2. FINDINGS.

2 Congress makes the following findings:

3 (1) In October of 1998, Hurricane Mitch dev-
4 astated areas of the Caribbean and Central America.
5 The National Hurricane Center has called this storm
6 “the most deadly hurricane in the Atlantic in over
7 200 years”. Hurricane Mitch killed 9,860 people and
8 left approximately 3,000,000 people homeless in the
9 region.

10 (2) Hurricane Georges hit the Florida Keys, the
11 islands of the Caribbean, and the Gulf coast of the
12 United States in September of 1998, causing more
13 than \$1,000,000,000 in damage. The storm killed 250
14 people.

15 (3) The total direct economic impact of Hurri-
16 cane Mitch and Hurricane Georges on Honduras,
17 Nicaragua, the Dominican Republic, El Salvador and

1 *Guatemala amounts to \$4,200,000,000. Honduras'*
2 *losses represent more than 50 percent of its gross do-*
3 *mestic product and Nicaragua lost a quarter of its*
4 *gross domestic product.*

5 *(4) The United States must continue to play a*
6 *leading role in responding to the disaster and encour-*
7 *age others to contribute to the recovery effort. For ex-*
8 *ample, Taiwan has contributed \$50,800,000 in assist-*
9 *ance for the construction of roads and housing, the re-*
10 *habilitation of agricultural production, and the dis-*
11 *tribution of supplies. Sweden, Spain, and France*
12 *have sent engineering teams to the region to assess*
13 *damage to roads, and Japan and the European*
14 *Union have pledged millions of dollars in assistance.*
15 *The United States praises the efforts of these and*
16 *other nations in assisting with the rehabilitation of*
17 *the region.*

18 *(5) Approximately 356 bridges were destroyed in*
19 *the region, and 57 percent of the region's roads were*
20 *impacted. The United States equivalent of this would*
21 *be the destruction of 3,900,000 miles of highway.*
22 *These roads must be reconstructed quickly so that*
23 *farmers can transport their goods to market and*
24 *much-needed medical supplies can reach rural areas.*

1 (6) *Hurricane Mitch devastated the agricultural*
2 *sector in the affected areas of Central America and*
3 *the Caribbean, particularly the countries of Honduras*
4 *and Guatemala. An estimated 70 percent of Hon-*
5 *duras' crops were destroyed by Hurricane Mitch, in-*
6 *cluding 90 percent of the country's banana and grain*
7 *crops. In Guatemala, an estimated 95 percent of the*
8 *nation's banana crop was damaged, 25-60 percent of*
9 *the corn, bean, coffee, and sugar crops were destroyed,*
10 *and 30 percent of the cattle was lost.*

11 (7) *Approximately 50 percent of Central Amer-*
12 *ica and the Caribbean's workforce is employed in ag-*
13 *riculture. The devastation to the agriculture sector by*
14 *Hurricane Mitch has resulted in a widespread short-*
15 *age of food which is likely to continue in the long*
16 *term unless the region's agricultural sector is rehabili-*
17 *tated.*

18 (8) *Significant numbers of displaced Central*
19 *Americans are moving north to the United States in*
20 *the wake of Hurricane Mitch's devastation. Border*
21 *Patrol agents in Brownsville, Texas, report that ap-*
22 *prehensions of Hondurans alone increased by 61 per-*
23 *cent in the last three months of 1998. The massive in-*
24 *flux of immigrants places severe pressures upon the*
25 *ability of the Immigration and Naturalization Serv-*

1 ice (INS) to detain and remove non-criminal illegal
2 immigrants. At current funding levels, the INS does
3 not have the resources to detain illegal non-criminal
4 border crossers from Central America. If this situa-
5 tion continues, the INS is concerned that many more
6 people will attempt to illegally cross the border.

7 (9) Partially in an effort to alleviate these pres-
8 sures, the Attorney General provided temporary pro-
9 tected status to aliens from Honduras and Nicaragua
10 on December 30, 1998 for a period of 18 months. No
11 such status was provided to immigrants from El Sal-
12 vador and Guatemala.

13 (10) Agricultural assistance and training and
14 microcredit assistance will provide much needed aid
15 to the affected areas of Central America and the Car-
16 ibbean as the areas rebuild their agriculture sectors.
17 The immediate distribution of food aid is important
18 in the short term, but it is essential that the region
19 be able to return to self-sufficiency in food production
20 so the citizens of Central America and the Caribbean
21 will be able to feed themselves once again.

22 (11) The goal of United States assistance to the
23 region should focus on, in addition to the short-term
24 disaster assistance, long-term solutions for a success-
25 ful economic recovery of Central America and the

1 *Caribbean. Successful economic recovery lies in the re-*
2 *gion's ability to expand its international trade with*
3 *important trading partners such as the United*
4 *States.*

5 *(12) Since 1983, the Caribbean Basin Economic*
6 *Recovery Act has represented a permanent and suc-*
7 *cessful commitment by the United States to encourage*
8 *the development of strong democratic governments*
9 *and revitalized economies in neighboring countries in*
10 *the Caribbean Basin.*

11 *(13) Thirty-four democratically elected leaders*
12 *agreed at the 1994 Summit of the Americas to con-*
13 *clude negotiation of a Free Trade Area of the Amer-*
14 *icas (referred to in this Act as "FTAA") by the year*
15 *2005.*

16 *(14) The economic security of the countries in*
17 *the Caribbean Basin will be enhanced by the comple-*
18 *tion of the FTAA.*

19 *(15) Offering temporary benefits to Caribbean*
20 *Basin countries on the 30 percent of imports from the*
21 *region that are not currently duty-free under the Car-*
22 *ibbean Basin Economic Recovery Act and other trade*
23 *programs, will promote the growth of free enterprise*
24 *and economic opportunity in these neighboring coun-*

tries and thereby enhance the national security interests of the United States.

(16) Given the greater propensity of countries located in the Western Hemisphere to use United States components and to purchase United States products compared to other countries, increased trade and economic activity between the United States and countries in the Western Hemisphere will create new jobs in the United States as a result of expanding export opportunities.

SEC. 3. DEFINITIONS.

In this Act:

(1) **ADMINISTRATOR.**—The term “Administrator” means the Administrator of the United States Agency for International Development.

(2) **AFFECTED AREAS OF CENTRAL AMERICA AND THE CARIBBEAN.**—The term “affected areas of Central America and the Caribbean” means areas in the Central American countries and the Caribbean countries that incurred damage from Hurricane Georges in September of 1998 and Hurricane Mitch in October of 1998.

(3) **CARIBBEAN COUNTRIES.**—The term “Caribbean countries” means any country listed in section 212(b) of the Caribbean Basin Economic Recovery

1 *Act (19 U.S.C. 2702(b)) (other than Central Amer-*
 2 *ican countries).*

3 (4) *CENTRAL AMERICAN COUNTRIES.*—*The term*
 4 *“Central American countries” means Belize, Costa*
 5 *Rica, El Salvador, Guatemala, Honduras, Nicaragua,*
 6 *and Panama.*

7 (5) *OPIC.*—*The term “OPIC” means the Over-*
 8 *seas Private Investment Corporation.*

9 ***TITLE I—UNITED STATES-CARIB-***
 10 ***BEAN TRADE PARTNERSHIP***
 11 ***Subtitle A—Trade Provisions***

12 ***SEC. 101. SHORT TITLE.***

13 *This title may be cited as the “United States-Carib-*
 14 *bean Trade Partnership Act”.*

15 ***SEC. 102. POLICY.***

16 *It is the policy of the United States to offer to the prod-*
 17 *ucts of Caribbean Basin partnership countries tariffs and*
 18 *quota treatment equivalent to that accorded to certain prod-*
 19 *ucts of countries that are parties to the NAFTA, and to*
 20 *seek the accession of these partnership countries to the*
 21 *NAFTA or a free trade agreement comparable to the*
 22 *NAFTA at the earliest possible date, with the goal of achiev-*
 23 *ing full participation in the NAFTA or in a free trade*
 24 *agreement comparable to the NAFTA by all partnership*
 25 *countries by not later than January 1, 2005.*

1 **SEC. 103. DEFINITIONS.**

2 *As used in this title:*

3 (1) *PARTNERSHIP COUNTRY.*—*The term “part-*
 4 *nership country” means a beneficiary country as de-*
 5 *finied in section 212(a)(1)(A) of the Caribbean Basin*
 6 *Economic Recovery Act (19 U.S.C. 2702(a)(1)(A)).*

7 (2) *NAFTA.*—*The term “NAFTA” means the*
 8 *North American Free Trade Agreement entered into*
 9 *between the United States, Mexico, and Canada on*
 10 *December 17, 1992.*

11 (3) *TRADE REPRESENTATIVE.*—*The term “Trade*
 12 *Representative” means the United States Trade Rep-*
 13 *resentative.*

14 (4) *WTO AND WTO MEMBER.*—*The terms*
 15 *“WTO” and “WTO member” have the meanings given*
 16 *those terms in section 2 of the Uruguay Round Agree-*
 17 *ments Act (19 U.S.C. 3501).*

18 **SEC. 104. TEMPORARY PROVISIONS TO PROVIDE NAFTA**
 19 **PARITY TO PARTNERSHIP COUNTRIES.**

20 (a) *TEMPORARY PROVISIONS.*—*Section 213(b) of the*
 21 *Caribbean Basin Economic Recovery Act (19 U.S.C.*
 22 *2703(b)) is amended to read as follows:*

23 *“(b) IMPORT-SENSITIVE ARTICLES.—*

24 *“(1) IN GENERAL.—Subject to paragraphs (2)*
 25 *through (5), the duty-free treatment provided under*
 26 *this title does not apply to—*

1 “(A) textile and apparel articles which were
2 not eligible articles for purposes of this title on
3 January 1, 1994, as this title was in effect on
4 that date;

5 “(B) footwear not designated at the time of
6 the effective date of this title as eligible articles
7 for the purpose of the generalized system of pref-
8 erences under title V of the Trade Act of 1974;

9 “(C) tuna, prepared or preserved in any
10 manner, in airtight containers;

11 “(D) petroleum, or any product derived
12 from petroleum, provided for in headings 2709
13 and 2710 of the HTS;

14 “(E) watches and watch parts (including
15 cases, bracelets and straps), of whatever type in-
16 cluding, but not limited to, mechanical, quartz
17 digital, or quartz analog, if such watches or
18 watch parts contain any material which is the
19 product of any country with respect to which
20 HTS column 2 rates of duty apply; or

21 “(F) articles to which reduced rates of duty
22 apply under subsection (h).

23 “(2) TRANSITION PERIOD TREATMENT OF CER-
24 TAIN TEXTILE AND APPAREL ARTICLES.—

1 “(A) *EQUIVALENT TARIFF AND QUOTA*
2 *TREATMENT.—During the transition period—*

3 “(i) *the tariff treatment accorded at*
4 *any time to any textile or apparel article*
5 *that originates in the territory of a partner-*
6 *ship country shall be identical to the tariff*
7 *treatment that is accorded at such time*
8 *under section 2 of the Annex to an article*
9 *described in the same 8-digit subheading of*
10 *the HTS that is a good of Mexico and is*
11 *imported into the United States;*

12 “(ii) *duty-free treatment under this*
13 *title shall apply to any textile or apparel*
14 *article that is imported into the United*
15 *States from a partnership country and*
16 *that—*

17 “(I) *is assembled in a partnership*
18 *country, from fabrics wholly formed*
19 *and cut in the United States from*
20 *yarns formed in the United States, and*
21 *is entered—*

22 “(aa) *under subheading*
23 *9802.00.80 of the HTS; or*

24 “(bb) *under chapter 61, 62,*
25 *or 63 of the HTS if, after such as-*

1 *sembly, the article would have*
2 *qualified for treatment under sub-*
3 *heading 9802.00.80 of the HTS,*
4 *but for the fact the article was*
5 *subjected to bleaching, garments*
6 *dyeing, stone-washing, enzyme-*
7 *washing, acid-washing, perma-*
8 *pressing, oven-baking, or embroi-*
9 *dery;*

10 *“(II) is knit-to-shape in a part-*
11 *nership country from yarns wholly*
12 *formed in the United States;*

13 *“(III) is made in a partnership*
14 *country from fabric knit in a partner-*
15 *ship country from yarns wholly formed*
16 *in the United States;*

17 *“(IV) is cut and assembled in a*
18 *partnership country from fabrics whol-*
19 *ly formed in the United States from*
20 *yarns wholly formed in the United*
21 *States; or*

22 *“(V) is identified under subpara-*
23 *graph (C) as a handloomed, hand-*
24 *made, or folklore article of a partner-*
25 *ship country and is certified as such*

1 *by the competent authority of such*
2 *country; and*

3 *“(iii) no quantitative restriction or*
4 *consultation level may be applied to the im-*
5 *portation into the United States of any tex-*
6 *tile or apparel article that—*

7 *“(I) originates in the territory of*
8 *a partnership country, or*

9 *“(II) qualifies for duty-free treat-*
10 *ment under subclause (I), (II), (III),*
11 *(IV), or (V) of clause (ii).*

12 *“(B) TRANSITION PERIOD TREATMENT OF*
13 *OTHER NONORIGINATING TEXTILE AND APPAREL*
14 *ARTICLES.—*

15 *“(i) PREFERENTIAL TARIFF TREAT-*
16 *MENT.—Subject to clause (ii), the President*
17 *may place in effect at any time during the*
18 *transition period with respect to any textile*
19 *or apparel article that—*

20 *“(I) is a product of a partnership*
21 *country, but*

22 *“(II) does not qualify as a good*
23 *that originates in the territory of a*
24 *partnership country or is eligible for*
25 *benefits under subparagraph (A)(ii),*

1 *tariff treatment that is identical to the in-*
2 *preference-level tariff treatment accorded at*
3 *such time under Appendix 6.B of the Annex*
4 *to an article described in the same 8-digit*
5 *subheading of the HTS that is a product of*
6 *Mexico and is imported into the United*
7 *States. For purposes of this clause, the ‘in-*
8 *preference-level tariff treatment’ accorded to*
9 *an article that is a product of Mexico is the*
10 *rate of duty applied to that article when*
11 *imported in quantities less than or equal to*
12 *the quantities specified in Schedule 6.B.1,*
13 *6.B.2., or 6.B.3. of the Annex for imports of*
14 *that article from Mexico into the United*
15 *States.*

16 “(ii) *LIMITATIONS ON ALL ARTI-*
17 *CLES.—(I) Tariff treatment under clause (i)*
18 *may be extended, during any calendar year,*
19 *to not more than 45,000,000 square meter*
20 *equivalents of cotton or man-made fiber ap-*
21 *parel, to not more than 1,500,000 square*
22 *meter equivalents of wool apparel, and to*
23 *not more than 25,000,000 square meter*
24 *equivalents of goods entered under sub-*
25 *heading 9802.00.80 of the HTS.*

1 “(II) Except as provided in subclause
2 (III), the amounts set forth in subclause (I)
3 shall be allocated among the 7 partnership
4 countries with the largest volume of exports
5 to the United States of textile and apparel
6 goods in calendar year 1997, based upon a
7 pro rata share of the volume of textile and
8 apparel goods of each of those 7 countries
9 that entered the United States under sub-
10 heading 9802.00.80 of the HTS during the
11 first 12 months of the 14-month period end-
12 ing on the date of the enactment of the
13 United States-Caribbean Trade Partnership
14 Act.

15 “(III) Five percent of the amounts set
16 forth in subclause (I) shall be allocated
17 among the partnership countries, other than
18 those to which subclause (II) applies, based
19 upon a pro rata share of the exports to the
20 United States of textile and apparel goods
21 of each of those countries during the first 12
22 months of the 14-month period ending on
23 the date of the enactment of the United
24 States-Caribbean Trade Partnership Act.

1 “(iii) *PRIOR CONSULTATION.*—*The*
2 *President may implement the preferential*
3 *tariff treatment described in clause (i) only*
4 *after consultation with representatives of the*
5 *United States textile and apparel industry*
6 *and other interested parties regarding—*

7 “(I) *the specific articles to which*
8 *such treatment will be extended,*

9 “(II) *the annual quantities of*
10 *such articles that may be imported at*
11 *the preferential duty rates described in*
12 *clause (i), and*

13 “(III) *the allocation of such an-*
14 *nual quantities among partnership*
15 *countries.*

16 “(C) *HANDLOOMED, HANDMADE, AND FOLK-*
17 *LORE ARTICLES.*—*For purposes of subparagraph*
18 *(A)(ii)(V), the Trade Representative shall consult*
19 *with representatives of a partnership country for*
20 *the purpose of identifying particular textile and*
21 *apparel goods that are mutually agreed upon as*
22 *being handloomed, handmade, or folklore goods of*
23 *a kind described in section 2.3 (a), (b), or (c)*
24 *or Appendix 3.1.B.11 of the Annex.*

1 “(D) *BILATERAL EMERGENCY ACTIONS.*—(i)

2 *The President may take—*

3 “(I) *bilateral emergency tariff actions*
4 *of a kind described in section 4 of the*
5 *Annex with respect to any textile or apparel*
6 *article imported from a partnership country*
7 *if the application of tariff treatment under*
8 *subparagraph (A) to such article results in*
9 *conditions that would be cause for the tak-*
10 *ing of such actions under such section 4*
11 *with respect to an article described in the*
12 *same 8-digit subheading of the HTS that is*
13 *imported from Mexico; or*

14 “(II) *bilateral emergency quantitative*
15 *restriction actions of a kind described in*
16 *section 5 of the Annex with respect to im-*
17 *ports of any textile or apparel article de-*
18 *scribed in subparagraphs (B)(i) (I) and (II)*
19 *if the importation of such article into the*
20 *United States results in conditions that*
21 *would be cause for the taking of such ac-*
22 *tions under such section 5 with respect to a*
23 *like article that is a product of Mexico.*

24 “(ii) *The requirement in paragraph (5) of*
25 *section 4 of the Annex (relating to providing*

1 *compensation) shall not be deemed to apply to a*
 2 *bilateral emergency action taken under this sub-*
 3 *paragraph.*

4 *“(iii) For purposes of applying bilateral*
 5 *emergency action under this subparagraph—*

6 *“(I) the term ‘transition period’ in sec-*
 7 *tions 4 and 5 of the Annex shall be deemed*
 8 *to be the period defined in paragraph*
 9 *(5)(E); and*

10 *“(II) any requirements to consult spec-*
 11 *ified in section 4 or 5 of the Annex are*
 12 *deemed to be satisfied if the President re-*
 13 *quests consultations with the partnership*
 14 *country in question and the country does*
 15 *not agree to consult within the time period*
 16 *specified under such section 4 or 5, which-*
 17 *ever is applicable.*

18 *“(3) NAFTA TRANSITION PERIOD TREATMENT*
 19 *OF CERTAIN OTHER ARTICLES ORIGINATING IN BENE-*
 20 *FICIARY COUNTRIES.—*

21 *“(A) EQUIVALENT TARIFF TREATMENT.—*

22 *“(i) IN GENERAL.—Subject to clause*
 23 *(ii), the tariff treatment accorded at any*
 24 *time during the transition period to any*
 25 *article referred to in any of subparagraphs*

1 *(B) through (F) of paragraph (1) that*
 2 *originates in the territory of a partnership*
 3 *country shall be identical to the tariff treat-*
 4 *ment that is accorded at such time under*
 5 *Annex 302.2 of the NAFTA to an article de-*
 6 *scribed in the same 8-digit subheading of*
 7 *the HTS that is a good of Mexico and is*
 8 *imported into the United States.*

9 “(ii) *EXCEPTION.*—*Clause (i) does not*
 10 *apply to any article accorded duty-free*
 11 *treatment under U.S. Note 2(b) to sub-*
 12 *chapter II of chapter 98 of the HTS.*

13 “(B) *RELATIONSHIP TO SUBSECTION (h)*
 14 *DUTY REDUCTIONS.*—*If at any time during the*
 15 *transition period the rate of duty that would*
 16 *(but for action taken under subparagraph (A)(i)*
 17 *in regard to such period) apply with respect to*
 18 *any article under subsection (h) is a rate of duty*
 19 *that is lower than the rate of duty resulting from*
 20 *such action, then such lower rate of duty shall be*
 21 *applied for the purposes of implementing such*
 22 *action.*

23 “(4) *CUSTOMS PROCEDURES.*—

24 “(A) *IN GENERAL.*—

1 “(i) *REGULATIONS.*—Any importer
2 that claims preferential tariff treatment
3 under paragraph (2) or (3) shall comply
4 with customs procedures similar in all ma-
5 terial respects to the requirements of Article
6 502(1) of the NAFTA as implemented pur-
7 suant to United States law, in accordance
8 with regulations promulgated by the Sec-
9 retary of the Treasury.

10 “(ii) *DETERMINATION.*—In order to
11 qualify for such preferential tariff treatment
12 and for a Certificate of Origin to be valid
13 with respect to any article for which such
14 treatment is claimed, there shall be in effect
15 a determination by the President that—

16 “(I) the partnership country from
17 which the article is exported, and

18 “(II) each partnership country in
19 which materials used in the production
20 of the article originate or undergo pro-
21 duction that contributes to a claim
22 that the article qualifies for such pref-
23 erential tariff treatment,
24 has implemented and follows, or is making
25 substantial progress toward implementing

1 *and following, procedures and requirements*
2 *similar in all material respects to the rel-*
3 *evant procedures and requirements under*
4 *chapter 5 of the NAFTA.*

5 “(B) *CERTIFICATE OF ORIGIN.*—*The Certifi-*
6 *cate of Origin that otherwise would be required*
7 *pursuant to the provisions of subparagraph (A)*
8 *shall not be required in the case of an article im-*
9 *ported under paragraph (2) or (3) if such Cer-*
10 *tificate of Origin would not be required under*
11 *Article 503 of the NAFTA (as implemented pur-*
12 *suant to United States law), if the article were*
13 *imported from Mexico.*

14 “(C) *PENALTIES FOR TRANSSHIPMENTS.*—*If*
15 *the President determines, based on sufficient evi-*
16 *dence, that an exporter has engaged in willful il-*
17 *legal transshipment or willful customs fraud*
18 *with respect to textile or apparel articles for*
19 *which preferential tariff treatment under sub-*
20 *paragraph (A) or (B) of paragraph (2) is*
21 *claimed, then the President shall deny all bene-*
22 *fits under this title to such exporter, and any*
23 *successors of such exporter, for a period of 2*
24 *years.*

1 “(D) *REPORT BY USTR ON COOPERATION OF*
2 *OTHER COUNTRIES CONCERNING CIRCUMVEN-*
3 *TION.—The United States Commissioner of Cus-*
4 *toms shall conduct a study analyzing the extent*
5 *to which each partnership country—*

6 “(i) *has cooperated fully with the*
7 *United States, consistent with its domestic*
8 *laws and procedures, in instances of cir-*
9 *cumvention or alleged circumvention of ex-*
10 *isting quotas on imports of textile and ap-*
11 *parel goods, to establish necessary relevant*
12 *facts in the places of import, export, and,*
13 *where applicable, transshipment, including*
14 *investigation of circumvention practices, ex-*
15 *changes of documents, correspondence, re-*
16 *ports, and other relevant information, to the*
17 *extent such information is available;*

18 “(ii) *has taken appropriate measures,*
19 *consistent with its domestic laws and proce-*
20 *dures, against exporters and importers in-*
21 *volved in instances of false declaration con-*
22 *cerning fiber content, quantities, descrip-*
23 *tion, classification, or origin of textile and*
24 *apparel goods; and*

1 “(iii) has penalized the individuals
2 and entities involved in any such cir-
3 cumvention, consistent with its domestic
4 laws and procedures, and has worked closely
5 to seek the cooperation of any third country
6 to prevent such circumvention from taking
7 place in that third country.

8 *The Trade Representative shall submit to the*
9 *Congress, not later than October 1, 1999, a re-*
10 *port on the study conducted under this subpara-*
11 *graph.*

12 “(5) *DEFINITIONS.—For purposes of this*
13 *subsection—*

14 “(A) *The term ‘the Annex’ means Annex*
15 *300–B of the NAFTA.*

16 “(B) *The term ‘NAFTA’ means the North*
17 *American Free Trade Agreement entered into be-*
18 *tween the United States, Mexico, and Canada on*
19 *December 17, 1992.*

20 “(C) *The term ‘partnership country’ means*
21 *a beneficiary country.*

22 “(D) *The term ‘textile or apparel article’*
23 *means any article referred to in paragraph*
24 *(1)(A) that is a good listed in Appendix 1.1 of*
25 *the Annex.*

1 “(E) The term ‘transition period’ means,
2 with respect to a partnership country, the period
3 that begins on July 1, 2000, and ends on the
4 earlier of—

5 “(i) August 1, 2002; or

6 “(ii) the date on which—

7 “(I) the United States first ap-
8 plies the NAFTA to the partnership
9 country upon its accession to the
10 NAFTA, or

11 “(II) there enters into force with
12 respect to the United States and the
13 partnership country a free trade agree-
14 ment comparable to the NAFTA that
15 makes substantial progress in achiev-
16 ing the negotiating objectives set forth
17 in section 108(b)(5) of the North Amer-
18 ican Free Trade Agreement Implemen-
19 tation Act (19 U.S.C. 3317(b)(5)).

20 “(F) An article shall be deemed as origi-
21 nating in the territory of a partnership country
22 if the article meets the rules of origin for a good
23 set forth in chapter 4 of the NAFTA, and, in the
24 case of an article described in Appendix 6.A of
25 the Annex, the requirements stated in such Ap-

pendix 6.A for such article to be treated as if it were an originating good. In applying such chapter 4 or Appendix 6.A with respect to a partnership country for purposes of this subsection—

“(i) no countries other than the United States and partnership countries may be treated as being Parties to the NAFTA,

“(ii) references to trade between the United States and Mexico shall be deemed to refer to trade between the United States and partnership countries, and

“(iii) references to a Party shall be deemed to refer to the United States or a partnership country, and references to the Parties shall be deemed to refer to any combination of partnership countries and the United States.”.

(b) *DETERMINATION REGARDING RETENTION OF DESIGNATION.*—Section 212(e)(1) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(e)) is amended—

(1) by inserting “(A)” after “(1)”;

(2) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(3) by adding at the end the following:

1 “(B)(i) *Based on the President’s review and*
 2 *analysis described in subsection (f), the President*
 3 *may determine if the preferential treatment under*
 4 *section 213(b)(2) and (3) should be withdrawn, sus-*
 5 *sended, or limited with respect to any article of a*
 6 *partnership country. Such determination shall be in-*
 7 *cluded in the report required by subsection (f).*

8 “(ii) *Withdrawal, suspension, or limitation of*
 9 *the preferential treatment under section 213(b)(2) and*
 10 *(3) with respect to a partnership country shall be*
 11 *taken only after the requirements of subsection (a)(2)*
 12 *and paragraph (2) of this subsection have been met.”.*

13 (c) *REPORTING REQUIREMENTS.—Section 212(f) of*
 14 *the Caribbean Basin Economic Recovery Act (19 U.S.C.*
 15 *2702(f)) is amended to read as follows:*

16 “(f) *REPORTING REQUIREMENTS.—Not later than 1*
 17 *year after the date of the enactment of the United States-*
 18 *Caribbean Trade Partnership Act and at the close of each*
 19 *3-year period thereafter, the President shall submit to the*
 20 *Congress a complete report regarding the operation of this*
 21 *title, including—*

22 “(1) *with respect to subsections (b) and (c) of*
 23 *this section, the results of a general review of bene-*
 24 *ficiary countries based on the considerations described*
 25 *in such subsections;*

1 “(2) with respect to subsection (c)(4), the degree
2 to which a country follows accepted rules of inter-
3 national trade provided for under the WTO Agree-
4 ment and the multilateral trade agreements (as such
5 terms are defined in paragraphs (9) and (4), respec-
6 tively, of section 2 of the Uruguay Round Agreements
7 Act);

8 “(3) with respect to subsection (c)(9), the extent
9 to which beneficiary countries are providing or taking
10 steps to provide protection of intellectual property
11 rights comparable to the protection provided to the
12 United States in bilateral intellectual property rights
13 agreements;

14 “(4) with respect to subsection (b)(2) and sub-
15 section (c)(5), the extent that beneficiary countries are
16 providing or taking steps to provide protection of in-
17 vestment and investors comparable to the protection
18 provided to the United States in bilateral investment
19 treaties;

20 “(5) with respect to subsection (c)(3), the extent
21 that beneficiary countries are providing the United
22 States and other WTO members (as such term is de-
23 fined in section 2(10) of the Uruguay Round Agree-
24 ments Act (19 U.S.C. 3501(10)) with equitable and

1 *reasonable market access in the product sectors for*
 2 *which benefits are provided under this title;*

3 *“(6) with respect to subsection (c)(11), the extent*
 4 *that beneficiary countries are cooperating with the*
 5 *United States in administering the provisions of sec-*
 6 *tion 213(b); and*

7 *“(7) with respect to subsection (c)(8), the extent*
 8 *that beneficiary countries are meeting the inter-*
 9 *nationally recognized worker rights criteria under*
 10 *such subsection.*

11 *In the first report under this subsection, the President shall*
 12 *include a review of the implementation of section 213(b),*
 13 *and his analysis of whether the benefits under paragraphs*
 14 *(2) and (3) of such section further the objectives of this*
 15 *title.”.*

16 *(d) CONFORMING AMENDMENT.—Section 213(a)(1) of*
 17 *the Caribbean Basin Economic Recovery Act is amended*
 18 *by inserting “and except as provided in section 213(b)(2)*
 19 *and (3),” after “Tax Reform Act of 1986,”.*

20 **SEC. 105. EFFECT OF NAFTA ON SUGAR IMPORTS FROM**
 21 **BENEFICIARY COUNTRIES.**

22 *The President shall monitor the effects, if any, that the*
 23 *implementation of the NAFTA has on the access of bene-*
 24 *ficiary countries under the Caribbean Basin Economic Re-*
 25 *covery Act to the United States market for sugars, syrups,*

1 *and molasses. If the President considers that the implemen-*
 2 *tation of the NAFTA is affecting, or will likely affect, in*
 3 *an adverse manner the access of such countries to the*
 4 *United States market, the President shall promptly—*

5 *(1) take such actions, after consulting with inter-*
 6 *ested parties and with the appropriate committees of*
 7 *the House of Representatives and the Senate, or*

8 *(2) propose to the Congress such legislative ac-*
 9 *tions,*

10 *as may be necessary or appropriate to ameliorate such ad-*
 11 *verse effect.*

12 **SEC. 106. DUTY-FREE TREATMENT FOR CERTAIN BEV-**
 13 **ERAGES MADE WITH CARIBBEAN RUM.**

14 *Section 213(a) of the Caribbean Basin Economic Re-*
 15 *covery Act (19 U.S.C. 2703(a)) is amended—*

16 *(1) in paragraph (5), by striking “chapter” and*
 17 *inserting “title”; and*

18 *(2) by adding at the end the following new para-*
 19 *graph:*

20 *“(6) Notwithstanding paragraph (1), the duty-free*
 21 *treatment provided under this title shall apply to liqueurs*
 22 *and spirituous beverages produced in the territory of Can-*
 23 *ada from rum if—*

1 “(A) such rum is the growth, product, or manu-
2 facture of a beneficiary country or of the Virgin Is-
3 lands of the United States;

4 “(B) such rum is imported directly from a bene-
5 ficiary country or the Virgin Islands of the United
6 States into the territory of Canada, and such liqueurs
7 and spirituous beverages are imported directly from
8 the territory of Canada into the customs territory of
9 the United States;

10 “(C) when imported into the customs territory of
11 the United States, such liqueurs and spirituous bev-
12 erages are classified in subheading 2208.90 or
13 2208.40 of the HTS; and

14 “(D) such rum accounts for at least 90 percent
15 by volume of the alcoholic content of such liqueurs
16 and spiritous beverages.”.

17 **SEC. 107. MEETINGS OF TRADE MINISTERS AND USTR.**

18 (a) *SCHEDULE OF MEETINGS.*—The President shall
19 take the necessary steps to convene a meeting with the trade
20 ministers of the partnership countries in order to establish
21 a schedule of regular meetings, to commence as soon as is
22 practicable, of the trade ministers and the Trade Represent-
23 ative, for the purpose set forth in subsection (b).

24 (b) *PURPOSE.*—The purpose of the meetings scheduled
25 under subsection (a) is to reach agreement between the

1 *United States and partnership countries on the likely tim-*
 2 *ing and procedures for initiating negotiations for partner-*
 3 *ship countries to accede to the NAFTA, or to enter into mu-*
 4 *tually advantageous free trade agreements with the United*
 5 *States that contain provisions comparable to those in the*
 6 *NAFTA and would make substantial progress in achieving*
 7 *the negotiating objectives set forth in section 108(b)(5) of*
 8 *the North American Free Trade Agreement Implementation*
 9 *Act (19 U.S.C. 3317(b)(5)).*

10 **SEC. 108. REPORT ON ECONOMIC DEVELOPMENT AND MAR-**
 11 **KET ORIENTED REFORMS IN THE CARIBBEAN.**

12 (a) *IN GENERAL.*—*The Trade Representative shall*
 13 *make an assessment of the economic development efforts and*
 14 *market oriented reforms in each partnership country and*
 15 *the ability of each such country, on the basis of such efforts*
 16 *and reforms, to undertake the obligations of the NAFTA.*
 17 *The Trade Representative shall, not later than 2 years after*
 18 *the date of the enactment of this Act, submit to the President*
 19 *and to the Committee on Finance of the Senate and the*
 20 *Committee on Ways and Means of the House of Representa-*
 21 *tives a report on that assessment.*

22 (b) *ACCESSION TO NAFTA.*—

23 (1) *ABILITY OF COUNTRIES TO IMPLEMENT*
 24 *NAFTA.*—*The Trade Representative shall include in*
 25 *the report under subsection (a) a discussion of pos-*

1 sible timetables and procedures pursuant to which
 2 partnership countries can complete the economic re-
 3 forms necessary to enable them to negotiate accession
 4 to the NAFTA. The Trade Representative shall also
 5 include an assessment of the potential phase-in peri-
 6 ods that may be necessary for those partnership coun-
 7 tries with less developed economies to implement the
 8 obligations of the NAFTA.

9 (2) *FACTORS IN ASSESSING ABILITY TO IMPLE-*
 10 *MENT NAFTA.*—In assessing the ability of each part-
 11 nership country to undertake the obligations of the
 12 NAFTA, the Trade Representative should consider,
 13 among other factors—

14 (A) whether the country has joined the
 15 WTO;

16 (B) the extent to which the country provides
 17 equitable access to the markets of that country;

18 (C) the degree to which the country uses ex-
 19 port subsidies or imposes export performance re-
 20 quirements or local content requirements;

21 (D) macroeconomic reforms in the country
 22 such as the abolition of price controls on traded
 23 goods and fiscal discipline;

24 (E) progress the country has made in the
 25 protection of intellectual property rights;

1 (F) progress the country has made in the
2 elimination of barriers to trade in services;

3 (G) whether the country provides national
4 treatment to foreign direct investment;

5 (H) the level of tariffs bound by the country
6 under the WTO (if the country is a WTO mem-
7 ber);

8 (I) the extent to which the country has
9 taken other trade liberalization measures; and

10 (J) the extent which the country works to
11 accommodate market access objectives of the
12 United States.

13 (c) *PARITY REVIEW IN THE EVENT A NEW COUNTRY*
14 *ACCEDES TO NAFTA.—If—*

15 (1) a country or group of countries accedes to the
16 NAFTA, or

17 (2) the United States negotiates a comparable
18 free trade agreement with another country or group
19 of countries,

20 *the Trade Representative shall provide to the committees*
21 *referred to in subsection (a) a separate report on the eco-*
22 *nomie impact of the new trade relationship on partnership*
23 *countries. The report shall include any measures the Trade*
24 *Representative proposes to minimize the potential for the*

1 *diversion of investment from partnership countries to the*
 2 *new NAFTA member or free trade agreement partner.*

3 ***Subtitle B—Revenue Offset***

4 ***SEC. 111. LIMITATIONS ON WELFARE BENEFIT FUNDS OF 10***
 5 ***OR MORE EMPLOYER PLANS.***

6 *(a) BENEFITS TO WHICH EXCEPTION APPLIES.—Sec-*
 7 *tion 419A(f)(6)(A) of the Internal Revenue Code of 1986*
 8 *(relating to exception for 10 or more employer plans) is*
 9 *amended to read as follows:*

10 *“(A) IN GENERAL.—This subpart shall not*
 11 *apply to a welfare benefit fund which is part of*
 12 *a 10 or more employer plan if the only benefits*
 13 *provided through the fund are 1 or more of the*
 14 *following:*

15 *“(i) Medical benefits.*

16 *“(ii) Disability benefits.*

17 *“(iii) Group term life insurance bene-*
 18 *fits which do not provide for any cash sur-*
 19 *render value or other money that can be*
 20 *paid, assigned, borrowed, or pledged for col-*
 21 *lateral for a loan.*

22 *The preceding sentence shall not apply to any*
 23 *plan which maintains experience-rating arrange-*
 24 *ments with respect to individual employers.”*

1 (b) *LIMITATION ON USE OF AMOUNTS FOR OTHER*
 2 *PURPOSES.*—Section 4976(b) of such Code (defining dis-
 3 *qualified benefit*) is amended by adding at the end the fol-
 4 *lowing new paragraph:*

5 “(5) *SPECIAL RULE FOR 10 OR MORE EMPLOYER*
 6 *PLANS EXEMPTED FROM PREFUNDING LIMITS.*—For
 7 *purposes of paragraph (1)(C), if—*

8 “(A) *subpart D of part I of subchapter D*
 9 *of chapter 1 does not apply by reason of section*
 10 *419A(f)(6) to contributions to provide 1 or more*
 11 *welfare benefits through a welfare benefit fund*
 12 *under a 10 or more employer plan, and*

13 “(B) *any portion of the welfare benefit fund*
 14 *attributable to such contributions is used for a*
 15 *purpose other than that for which the contribu-*
 16 *tions were made,*

17 *then such portion shall be treated as reverting to the*
 18 *benefit of the employers maintaining the fund.”*

19 (c) *EFFECTIVE DATE.*—The amendments made by this
 20 *section shall apply to contributions paid or accrued after*
 21 *June 8, 1999, in taxable years ending after such date.*

1 ***Subtitle C—Suspension of Limita-***
 2 ***tion on Cover Over of Tax on***
 3 ***Distilled Spirits***

4 ***SEC. 121. SUSPENSION OF LIMITATION ON COVER OVER OF***
 5 ***TAX ON DISTILLED SPIRITS.***

6 (a) *IN GENERAL.*—Section 7652(f) of the Internal Rev-
 7 enue Code of 1986 (relating to limitation on cover over of
 8 tax on distilled spirits) is amended by adding at the end
 9 the following new sentence:

10 “The preceding sentence shall not apply to articles that are
 11 tax-determined after June 30, 1999, and before October 1,
 12 1999.”

13 (b) *EFFECTIVE DATE.*—

14 (1) *IN GENERAL.*—The amendment made by this
 15 section shall apply to articles that are tax-determined
 16 after June 30, 1999.

17 (2) *SPECIAL RULE.*—

18 (A) *IN GENERAL.*—The treasury of Puerto
 19 Rico shall make a Conservation Trust Fund
 20 transfer within 30 days after the date of each
 21 cover over payment (made to such treasury
 22 under section 7652(e) of the Internal Revenue
 23 Code of 1986) to which section 7652(f) of such
 24 Code does not apply by reason of the last sen-
 25 tence thereof.

1 (B) *CONSERVATION TRUST FUND TRANS-*
2 *FER.*—

3 (i) *IN GENERAL.*—*For purposes of this*
4 *paragraph, the term “Conservation Trust*
5 *Fund transfer” means a transfer to the*
6 *Puerto Rico Conservation Trust Fund of an*
7 *amount equal to 50 cents per proof gallon*
8 *of the taxes imposed under section 5001 or*
9 *section 7652 of such Code on distilled spir-*
10 *its that are covered over to the treasury of*
11 *Puerto Rico under section 7652(e) of such*
12 *Code.*

13 (ii) *TREATMENT OF TRANSFER.*—*Each*
14 *Conservation Trust Fund transfer shall be*
15 *treated as principal for an endowment, the*
16 *income from which to be available for use*
17 *by the Puerto Rico Conservation Trust*
18 *Fund for the purposes for which the Trust*
19 *Fund was established.*

20 (iii) *RESULT OF NONTRANSFER.*—

21 (I) *IN GENERAL.*—*Upon notifica-*
22 *tion by the Secretary of the Interior*
23 *that a Conservation Trust Fund trans-*
24 *fer has not been made by the treasury*
25 *of Puerto Rico as required by subpara-*

1 *graph (A), the Secretary of the Treas-*
2 *ury shall, except as provided in sub-*
3 *clause (II), deduct and withhold from*
4 *the next cover over payment to be made*
5 *to the treasury of Puerto Rico under*
6 *section 7652(e) of such Code an*
7 *amount equal to the appropriate Con-*
8 *servation Trust Fund transfer and in-*
9 *terest thereon at the underpayment*
10 *rate established under section 6621 of*
11 *such Code as of the due date of such*
12 *transfer. The Secretary of the Treasury*
13 *shall transfer such amount deducted*
14 *and withheld, and the interest thereon,*
15 *directly to the Puerto Rico Conserva-*
16 *tion Trust Fund.*

17 *(II) GOOD CAUSE EXCEPTION.—If*
18 *the Secretary of the Interior finds,*
19 *after consultation with the Governor of*
20 *Puerto Rico, that the failure by the*
21 *treasury of Puerto Rico to make a re-*
22 *quired transfer was for good cause, and*
23 *notifies the Secretary of the Treasury*
24 *of the finding of such good cause before*
25 *the due date of the next cover over pay-*

1 *ment following the notification of non-*
 2 *transfer, then the Secretary of the*
 3 *Treasury shall not deduct the amount*
 4 *of such nontransfer from any cover*
 5 *over payment.*

6 (C) *PUERTO RICO CONSERVATION TRUST*
 7 *FUND.—For purposes of this paragraph, the term*
 8 *“Puerto Rico Conservation Trust Fund” means*
 9 *the fund established pursuant to a Memorandum*
 10 *of Understanding between the United States De-*
 11 *partment of the Interior and the Commonwealth*
 12 *of Puerto Rico, dated December 24, 1968.*

13 ***TITLE II—FOREIGN ASSISTANCE***
 14 ***FOR CENTRAL AMERICA AND***
 15 ***THE CARIBBEAN***

16 ***Subtitle A—Microcredit and***
 17 ***Agricultural Assistance***

18 ***SEC. 201. DECLARATION OF POLICY.***

19 *It is the policy of the United States, consistent with*
 20 *title XII of chapter 2 of part I of the Foreign Assistance*
 21 *Act of 1961 (22 U.S.C. 2220a), to support the governments*
 22 *of Central American countries and Caribbean countries,*
 23 *United States and nongovernmental organizations, univer-*
 24 *sities, businesses, and international organizations, to help*
 25 *ensure the availability of basic nutrition and economic op-*

1 *portunities for individuals in the affected areas of Central*
 2 *America and the Caribbean, through sustainable agri-*
 3 *culture and rural development.*

4 **SEC. 202. MICROENTERPRISE ASSISTANCE.**

5 (a) *BILATERAL ASSISTANCE.*—*In providing disaster*
 6 *assistance in the aftermath of Hurricane Georges and Hur-*
 7 *ricane Mitch, the Administrator of the United States Agen-*
 8 *cy for International Development shall, to the extent prac-*
 9 *ticable, use credit and microcredit assistance to rehabilitate*
 10 *agriculture production in the affected areas of Central*
 11 *America and the Caribbean. In providing such assistance,*
 12 *the Administrator should use the applied research and tech-*
 13 *nical assistance capabilities of United States land-grant*
 14 *universities.*

15 (b) *MULTILATERAL ASSISTANCE.*—*The Administrator*
 16 *shall continue to work with other countries, international*
 17 *organizations (including multilateral development institu-*
 18 *tions), and entities assisting microenterprises and shall de-*
 19 *velop a comprehensive and coordinated strategy for pro-*
 20 *viding microenterprise assistance for Central America and*
 21 *the Caribbean.*

22 **SEC. 203. SUPPORT FOR PRODUCER-OWNED COOPERATIVE**
 23 **MARKETING ASSOCIATIONS.**

24 (a) *PURPOSES.*—*The purposes of this section are—*

1 (1) *to support producer-owned cooperative pur-*
 2 *chasing and marketing associations in Central Amer-*
 3 *ica and the Caribbean;*

4 (2) *to strengthen the capacity of farmers in Cen-*
 5 *tral America and the Caribbean to participate in na-*
 6 *tional and international private markets and to pro-*
 7 *mote rural development in the region;*

8 (3) *to encourage the efforts of farmers in Central*
 9 *America and the Caribbean to increase their produc-*
 10 *tivity and income through improved access to farm*
 11 *supplies, seasonal credit, technical expertise; and*

12 (4) *to support small businesses in Central Amer-*
 13 *ica and the Caribbean as such businesses grow beyond*
 14 *microenterprises.*

15 (b) *SUPPORT FOR PRODUCER-OWNED COOPERATIVE*
 16 *MARKETING ASSOCIATIONS.—*

17 (1) *ACTIVITIES.—The Administrator of the*
 18 *United States Agency for International Development*
 19 *is authorized to utilize relevant foreign assistance*
 20 *programs and initiatives for the Central America and*
 21 *the Caribbean region to support private producer-*
 22 *owned cooperative marketing associations in the re-*
 23 *gion, including rural business associations that are*
 24 *owned and controlled by farmer shareholders.*

1 (2) *OTHER ACTIVITIES.*—*In addition to carrying*
 2 *out paragraph (1), the Administrator is encouraged—*

3 (A) *to cooperate with governments of foreign*
 4 *countries, including governments of political sub-*
 5 *divisions of such countries, their agricultural re-*
 6 *search universities, and particularly with United*
 7 *States nongovernmental organizations and*
 8 *United States land-grant universities, that have*
 9 *demonstrated expertise in the development and*
 10 *promotion of successful private producer-owned*
 11 *cooperative marketing associations; and*

12 (B) *to facilitate partnerships between*
 13 *United States and Central America and the Car-*
 14 *ibbean cooperatives and private businesses to en-*
 15 *hance the capacity and technical and marketing*
 16 *expertise of business associations in the Central*
 17 *America and the Caribbean region.*

18 **SEC. 204. AGRICULTURAL RESEARCH AND EXTENSION AC-**
 19 **TIVITIES.**

20 (a) *DEVELOPMENT OF PLAN.*—*The Administrator of*
 21 *the United States Agency for International Development,*
 22 *in consultation with the Secretary of Agriculture and ap-*
 23 *propriate other officials in the Department of Agriculture,*
 24 *especially the head of the Cooperative State, Research, Edu-*
 25 *cation and Extension Service (CSREES), shall develop a*

1 *comprehensive plan to coordinate and build on the research*
 2 *and extension activities of United States land-grant univer-*
 3 *sities, international agricultural research centers, and na-*
 4 *tional agricultural research and extension centers in Cen-*
 5 *tral America and the Caribbean.*

6 (b) *ADDITIONAL REQUIREMENTS.—The plan described*
 7 *in subsection (a) shall seek to ensure that—*

8 (1) *research and extension activities respond to*
 9 *the needs of the agriculture sectors devastated by Hur-*
 10 *ricane Georges and Hurricane Mitch while developing*
 11 *the potential and skills of researchers, extension*
 12 *agents, farmers, and agribusiness persons in the re-*
 13 *gion; and*

14 (2) *sustainable agricultural methods of farming*
 15 *will be considered together with new technologies in*
 16 *rehabilitating agricultural production in the region.*

17 **SEC. 205. NONEMERGENCY FOOD ASSISTANCE PROGRAMS.**

18 (a) *IN GENERAL.—In providing nonemergency assist-*
 19 *ance under title II of the Agricultural Trade Development*
 20 *and Assistance Act of 1954 (7 U.S.C. 1721 et seq.), the Ad-*
 21 *ministrator of the United States Agency for International*
 22 *Development shall ensure that—*

23 (1) *in planning, decisionmaking, and providing*
 24 *assistance, the Administrator takes into consideration*
 25 *local input and participation directly and through*

1 *United States and indigenous private and voluntary*
 2 *organizations;*

3 *(2) each of the nonemergency activities described*
 4 *in paragraphs (2) through (6) of section 201 of such*
 5 *Act (7 U.S.C. 1721), including programs that provide*
 6 *assistance to people of any age group who are other-*
 7 *wise unable to meet their basic food needs (including*
 8 *feeding programs for the disabled, orphaned, elderly,*
 9 *sick and dying), are carried out; and*

10 *(3) greater flexibility is provided for program*
 11 *and evaluation plans so that such assistance may be*
 12 *developed to meet local needs, as provided for in sec-*
 13 *tion 202(f) of such Act (7 U.S.C. 1722(f)).*

14 *(b) OTHER REQUIREMENTS.—In providing assistance*
 15 *under the Agriculture Trade Development and Assistance*
 16 *Act of 1954, the Secretary of Agriculture and the Adminis-*
 17 *trator shall ensure that commodities are provided in a man-*
 18 *ner that is consistent with subsections (a) and (b) of section*
 19 *403 of such Act (7 U.S.C. 1733(a) and (b)).*

20 ***Subtitle B—Overseas Private***
 21 ***Investment Corporation***

22 ***SEC. 211. PRIVATE SECTOR DEVELOPMENT ACTIVITIES OF***
 23 ***OPIC.***

24 *(a) PURPOSE.—The purpose of this section is to com-*
 25 *mend OPIC for its recent initiative to provide financing*

1 *and insurance to an investment facility in partnership with*
 2 *Citibank and to encourage OPIC to continue to work with*
 3 *United States businesses and other United States entities*
 4 *to invest in the affected areas of Central America and the*
 5 *Caribbean, particularly in ways that will help promote sus-*
 6 *tainable development.*

7 **(b) SENSE OF CONGRESS.**—*It is the sense of the Con-*
 8 *gress that OPIC should, in accordance with its mandate*
 9 *to foster private investment and enhance the ability of pri-*
 10 *vate enterprise to make its full contribution to the develop-*
 11 *ment process, exercise the authorities it has to further in-*
 12 *crease efforts to promote and support United States spon-*
 13 *sored private investment in the affected areas of Central*
 14 *America and the Caribbean, including—*

15 (1) *issuing loans, guaranties, and insurance, to*
 16 *support infrastructure, agriculture, small business,*
 17 *tourism, and other projects as appropriate; and*

18 (2) *undertaking a special initiative that*
 19 *includes—*

20 (A) *sending a needs assessment team to the*
 21 *affected areas of Central America and the Carib-*
 22 *bean to determine ways in which OPIC can best*
 23 *support the essential investment required to re-*
 24 *store infrastructure and other critical services in*
 25 *those affected areas;*

1 *(B) engaging in an exhaustive outreach pro-*
 2 *gram to involve United States companies in the*
 3 *recovery process and exploring potential new*
 4 *projects which will assist those affected areas;*

5 *(C) consulting and coordinating with host*
 6 *country governments to promote private invest-*
 7 *ment in priority sectors; and*

8 *(D) utilizing existing equity funds to sup-*
 9 *port developmental private sector projects.*

10 *(c) TECHNICAL AMENDMENTS.—Section 234 of the*
 11 *Foreign Assistance Act of 1961 (22 U.S.C. 2194) is*
 12 *amended—*

13 *(1) by redesignating subsection (c) (the second*
 14 *place it appears) as paragraph (5);*

15 *(2) by amending the heading of paragraph (5),*
 16 *as redesignated by paragraph (1) of this subsection,*
 17 *to read as follows:*

18 *“(5) CREATION OF FUND FOR ACQUISITION OF*
 19 *EQUITY.—”; and*

20 *(3) by indenting paragraph (5), as redesignated*
 21 *by paragraph (1) of this subsection, one full measure.*

***Subtitle C—Economic Support
Fund Assistance***

SEC. 221. ECONOMIC SUPPORT FUND ASSISTANCE.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the President for fiscal year 1999 \$611,000,000 to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346 et seq.) for reconstruction and disaster mitigation assistance for affected areas of Central America and the Caribbean.

(b) USE OF AMOUNTS.—Of the amount appropriated under subsection (a), the President shall reserve the following amounts for the following purposes:

(1) AGRICULTURE AND RURAL RECONSTRUCTION.—\$283,000,000 for the construction and repair of rural roads, the provision of micro-enterprise loans, the provision of tools, seed, and fertilizer, and for assistance for rural farmers to adopt sustainable production techniques.

(2) DISEASE CONTROL, SURVEILLANCE, AND PREVENTION.—\$136,000,000 for the reconstruction and rehabilitation of health posts and clinics, the provision of water and sanitation services, and disease control, surveillance, and prevention.

(3) EDUCATION AND HOUSING.—\$55,000,000 for construction, repair, and re-equipment of educational

1 *facilities, including the provision of school supplies,*
2 *and the re-equipment of new housing units.*

3 (4) *ENVIRONMENTAL MANAGEMENT AND DIS-*
4 *ASTER MITIGATION.*—\$64,000,000 *for environmental*
5 *management and disaster mitigation, including land*
6 *use planning and resources management.*

7 (5) *ANTI-CORRUPTION ACTIVITIES.*—\$22,000,000
8 *for the efficient management of local reconstruction*
9 *assistance, including anti-corruption training for*
10 *municipal governments, nongovernmental organiza-*
11 *tions, and law enforcement.*

12 (6) *ASSISTANCE FOR THE DOMINICAN REPUBLIC*
13 *AND OTHER CARIBBEAN COUNTRIES AFFECTED BY*
14 *HURRICANE GEORGES.*—\$42,000,000 *for reconstruc-*
15 *tion assistance related to health, economic revitaliza-*
16 *tion, and housing for the Dominican Republic and*
17 *other Caribbean countries affected by Hurricane*
18 *Georges.*

19 (c) *ADMINISTRATIVE EXPENSES.*—*Of the amount au-*
20 *thorized to be appropriated under subsection (a), the Presi-*
21 *dent shall reserve \$6,000,000 for the operating expenses of*
22 *the United States Agency for International Development in-*
23 *curred in connection with assistance provided under this*
24 *Act.*

1 **SEC. 222. REIMBURSEMENT OF INTERNATIONAL DISASTER**
 2 **ACCOUNT.**

3 *There is authorized to be appropriated to the President*
 4 *for fiscal year 1999 \$25,000,000 to reimburse the inter-*
 5 *national disaster assistance account for expenses incurred*
 6 *with respect to international disaster assistance provided*
 7 *for affected areas of Central America and the Caribbean*
 8 *under chapter 9 of part I of the Foreign Assistance Act of*
 9 *1961 (22 U.S.C. 2292 et seq.) for recovery from Hurricane*
 10 *Georges and Hurricane Mitch.*

11 **SEC. 223. RULE OF CONSTRUCTION; AVAILABILITY OF**
 12 **AMOUNTS.**

13 *(a) RULE OF CONSTRUCTION.—Amounts authorized to*
 14 *be appropriated under this subtitle are in addition to*
 15 *amounts otherwise available for the purposes described in*
 16 *the section of this subtitle involved.*

17 *(b) AVAILABILITY OF AMOUNTS.—Amounts authorized*
 18 *to be appropriated under this subtitle are authorized to re-*
 19 *main available until expended.*

20 **TITLE III—DEPARTMENT OF**
 21 **DEFENSE**

22 **SEC. 301. REPLACEMENT OF FUNDS USED FOR DISASTER**
 23 **RELIEF AND RECONSTRUCTION.**

24 *In addition to amounts authorized to be appropriated*
 25 *under any other law for the Department of Defense for fiscal*
 26 *year 1999, funds are hereby authorized to be appropriated*

1 *for the use of the Armed Forces and other activities and*
2 *agencies of the Department of Defense for expenses, not oth-*
3 *erwise provided for, for operation and maintenance, in*
4 *amounts as follows:*

5 *(1) For replenishment of Department of Defense*
6 *accounts used in providing disaster relief and recon-*
7 *struction to affected areas of Central America and the*
8 *Caribbean, \$135,200,000, of which—*

9 *(A) \$75,000,000 may be used for replenish-*
10 *ment of operation and maintenance and mili-*
11 *tary personal accounts;*

12 *(B) \$37,500,000 may be used for replenish-*
13 *ment of the Overseas Humanitarian Disaster*
14 *and Civic Aid account (including demining ini-*
15 *tiatives); and*

16 *(C) \$20,000,000 may be used for replenish-*
17 *ment of the Commanders in Chief (CINC) Initia-*
18 *tive Fund.*

19 *(2) For the New Horizons Program, \$56,000,000*
20 *for expanded National Guard and Reserve exercises in*
21 *Central American countries and the Dominican Re-*
22 *public.*

1 ***TITLE IV—IMMIGRATION AND***
2 ***NATURALIZATION SERVICE***

3 ***SEC. 401. DETENTION FACILITIES.***

4 *There is authorized to be appropriated to the President*
5 *\$80,000,000 to be used for Enforcement and Border Affairs*
6 *within the Immigration and Naturalization Service (INS)*
7 *to support increased detention requirements for Central*
8 *American criminal aliens held in detention by the Immi-*
9 *gration and Naturalization Service and to address an ex-*
10 *pected influx of illegal immigrants from Central America.*

1 ***TITLE V—DEBT RESCHEDULING***
 2 ***AND REDUCTION FOR HON-***
 3 ***DURAS AND NICARAGUA;***
 4 ***FUNDING FOR THE CENTRAL***
 5 ***AMERICAN EMERGENCY***
 6 ***TRUST FUND OF THE***
 7 ***INTERNATIONAL BANK FOR***
 8 ***RECONSTRUCTION AND DE-***
 9 ***VELOPMENT***

10 ***Subtitle A—Debt Rescheduling and***
 11 ***Reduction for Honduras and***
 12 ***Nicaragua***

13 ***SEC. 501. RESCHEDULING OF INTEREST PAYMENTS OWED***
 14 ***BY HONDURAS AND NICARAGUA.***

15 *The President is authorized to reschedule the repay-*
 16 *ment of interest owed to the United States (or any agency*
 17 *of the United States) in fiscal years 1999 and 2000 by the*
 18 *Governments of Honduras and Nicaragua on debt owed by*
 19 *such Governments to the United States that is outstanding*
 20 *as of October 1, 1998.*

21 ***SEC. 502. REDUCTION OF DEBT OWED BY HONDURAS.***

22 *(a) AUTHORITY.—*

23 *(1) IN GENERAL.—The President shall reduce the*
 24 *amount owed to the United States (or any agency of*
 25 *the United States) by the Government of Honduras*

1 *that is outstanding as of October 1, 1998, as a result*
 2 *of concessional loans made to Honduras by the*
 3 *United States under part I or chapter 4 of part II*
 4 *of the Foreign Assistance Act of 1961, or predecessor*
 5 *foreign economic assistance legislation.*

6 (2) *APPROPRIATIONS REQUIREMENT.—The au-*
 7 *thority provided by this section may be exercised only*
 8 *in such amounts or to such extent as is provided in*
 9 *advance by appropriations Acts.*

10 (3) *CERTAIN PROHIBITIONS INAPPLICABLE.—(A)*
 11 *A reduction of debt pursuant to this section shall not*
 12 *be considered assistance for purposes of any provision*
 13 *of law limiting assistance to a country.*

14 (B) *The authority of this section may be exer-*
 15 *cised notwithstanding section 620(r) of the Foreign*
 16 *Assistance Act of 1961 or section 321 of the Inter-*
 17 *national Development and Food Assistance Act of*
 18 *1975.*

19 (b) *IMPLEMENTATION OF DEBT REDUCTION.—*

20 (1) *IN GENERAL.—The debt reduction pursuant*
 21 *to subsection (a) shall be accomplished by the ex-*
 22 *change of a new obligation for obligations outstanding*
 23 *as of the date specified in subsection (a)(1).*

24 (2) *EXCHANGE OF OBLIGATIONS.—The President*
 25 *shall notify the agency primarily responsible for ad-*

1 *ministering part I of the Foreign Assistance Act of*
2 *1961 of the agreement with Honduras to exchange a*
3 *new obligation for outstanding obligations pursuant*
4 *to this subsection. At the direction of the President,*
5 *the old obligations shall be canceled and a new debt*
6 *obligation for the country shall be established, and*
7 *such agency shall make an adjustment in its accounts*
8 *to reflect the debt reduction.*

9 *(c) CURRENCY OF PAYMENT.—The principal amount*
10 *of each new obligation issued pursuant to subsection (b)*
11 *shall be repaid in United States dollars.*

12 *(d) DEPOSIT OF PAYMENTS.—Principal repayments of*
13 *new obligations shall be deposited in the United States Gov-*
14 *ernment account established for principal repayments of the*
15 *obligations for which those obligations were exchanged.*

16 *(e) RATE OF INTEREST.—New obligations issued by a*
17 *beneficiary country pursuant to subsection (b) shall bear*
18 *interest at concessional rates.*

19 *(f) AUTHORIZATION OF APPROPRIATIONS.—*

20 *(1) IN GENERAL.—There is authorized to be ap-*
21 *propriated for fiscal year 2000 \$16,000,000 to carry*
22 *out this section.*

23 *(2) AVAILABILITY.—Amounts authorized to be*
24 *appropriated under paragraph (1) are authorized to*
25 *remain available until expended.*

1 ***Subtitle B—Authorization of Fund-***
 2 ***ing for the Central American***
 3 ***Emergency Trust Fund of the***
 4 ***International Bank for Recon-***
 5 ***struction and Development***

6 **SEC. 511. AUTHORIZATION OF FUNDING.**

7 *The Bretton Woods Agreements Act (22 U.S.C. 286–*
 8 *286nn) is amended by adding at the end the following:*

9 **“SEC. 62. SUPPLEMENTAL FUNDING FOR THE CENTRAL**
 10 **AMERICAN EMERGENCY TRUST FUND OF THE**
 11 **INTERNATIONAL BANK FOR RECONSTRUC-**
 12 **TION AND DEVELOPMENT.**

13 **“(a) CONTRIBUTION AUTHORITY.—**

14 **“(1) IN GENERAL.—***The United States Governor*
 15 *of the Bank may, on behalf of the United States, con-*
 16 *tribute \$25,000,000 to the Central American Emer-*
 17 *gency Trust Fund of the Bank.*

18 **“(2) SUBJECT TO APPROPRIATIONS.—***The au-*
 19 *thority provided by paragraph (1) shall be effective*
 20 *only to such extent or in such amounts as are pro-*
 21 *vided in advance in appropriations Acts.*

22 **“(b) LIMITATIONS ON AUTHORIZATION OF APPROPRIA-**
 23 **TIONS.—**

24 **“(1) IN GENERAL.—***For the contribution pro-*
 25 *vided for in subsection (a), there are authorized to be*

1 *appropriated not more than \$25,000,000 for fiscal*
2 *year 1999, for payment by the President of the*
3 *United States.*

4 “(2) *RULE OF CONSTRUCTION.—The authority*
5 *provided by paragraph (1) is in addition to any ap-*
6 *propriations authority otherwise provided by law.*

7 “(c) *AVAILABILITY.—Amounts appropriated under*
8 *subsection (b) are authorized to remain available until ex-*
9 *pired.*”.

Union Calendar No. 363

106TH CONGRESS
2D SESSION

H. R. 984

[Report No. 106–519, Part I]

A BILL

To provide additional trade benefits to certain beneficiary countries in the Caribbean, to provide assistance to the countries in Central America and the Caribbean affected by Hurricane Mitch and Hurricane Georges, and for other purposes.

JUNE 7, 2000

Committees on International Relations, Banking and Financial Services, the Judiciary, and Armed Services discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed